

CITY OF ALMA, KANSAS
FINANCIAL STATEMENT
WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015



816 N Washington
Junction City, KS 66441
(785) 238-5166
Fax (785) 238-6830

529 Humboldt, Suite 1
Manhattan, KS 66502
(785) 537-9700
Fax (785) 537-3734

505 NW 3rd, Suite 1
Abilene, KS 67410
(785) 263-2171
Fax (785) 263-3340

www.pgh-cpa.com

MEMBERS:
American Institute of
Certified Public Accountants

Kansas Society of Certified
Public Accountants



INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Alma, Kansas 66401

Report on the Financial Statement

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Alma, Kansas (City), a municipality, as of and for the year ended December 31, 2015 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of a financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2015, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2015, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the summary statement of receipts, expenditures, and unencumbered cash (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The 2015 information has been subjected to the auditing procedures applied in the audit of the 2015 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2015 basic financial statement or to the 2015 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2015 supplementary information is fairly stated in all material respects in relation to the 2015 basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2014 Actual column presented in the individual fund schedules (Schedules 2 and 3 as listed in the table of contents) are also presented for comparative analysis and are not a required part of the 2014 basic financial statement upon which we rendered an unmodified opinion on July 2, 2015. The 2014 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link: <http://www.da.ks.gov/ar/muniserv/>. Such 2014 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statement. The 2014 comparative information was subjected to the auditing procedures applied in the audit of the 2014 basic financial statement or to the 2014 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 comparative information is

fairly stated in all material respects in relation to the 2014 basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2016, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Pottberg, Gassman & Hoffman, Chartered.

Pottberg, Gassman & Hoffman, Chartered
Manhattan, Kansas
June 20, 2016

**CITY OF ALMA, KANSAS
TABLE OF CONTENTS**

	<u>Pages</u>
REPORT ON THE FINANCIAL STATEMENT	
Independent Auditors' Report	1 - 3
Summary Statement of Receipts, Expenditures and Unencumbered Cash	4 - 5
Notes to Financial Statement	6 - 13
REGULATORY REQUIRED SUPPLEMENTARY INFORMATION	
<u>Schedule 1</u>	
Summary of Expenditures - Actual and Budget	14
<u>Schedule 2</u>	
Schedule of Receipts and Expenditures - Actual and Budget	
<u>Governmental Type Fund:</u>	
2-1 General Fund	15 - 16
<u>Special Purpose Funds:</u>	
2-2 Special Highway	17
2-3 Recreation and Special Parks and Recreation	18
2-4 Employee Benefits and Sales Tax Project	19
Schedule of Receipts and Expenditures - Actual	
2-5 Capital Improvements and Equipment Reserve	20
2-6 KLINK and Perpetual Care	21
2-7 Water Reserve and Sewer Reserve	22
2-8 Gas Reserve and Electric Reserve	23
Schedule of Receipts and Expenditures - Actual and Budget	
<u>Bond and Interest Funds:</u>	
2-9 2012 Water Bond	24
2-10 Bond Fund and Kansas Partnership Fund	25
2-11 Sewer Renovation Loan (2011 Bond) and 2013 Collection System Bond	26
Schedule of Receipts and Expenditures - Actual	
<u>Capital Project Funds:</u>	
2-12 Collection System Project, and Streetscape Project	27
Schedule of Receipts and Expenditures - Actual and Budget	
<u>Business Funds:</u>	
2-13 Electric Utility and Gas Utility	28
2-14 Water Utility and Sewer Utility	29
<u>Schedule 3</u>	
Schedule of Receipts and Expenditures - Actual	
<u>Agency Funds:</u>	
Return Checks and Credit Card Deposits	30
OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of a Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	31 - 32

CITY OF ALMA, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Canceled Encumbrances</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
Governmental Type Fund:							
General Fund	\$ 3,472	-	453,945	454,608	2,809	-	2,809
Special Purpose Funds:							
Special Highway	4,500	-	21,720	26,220	-	-	-
Recreation	296	-	11,718	11,751	263	-	263
Special Parks and Recreation	3,866	-	7,220	9,912	1,174	-	1,174
Employee Benefits	6	-	169,885	169,752	139	121	260
Sales Tax Project	92,755	-	86,862	23,095	156,522	-	156,522
Capital Improvements	38,249	-	8,373	12,806	33,816	-	33,816
Equipment Reserve	184,930	-	58,060	33,870	209,120	-	209,120
KLINK	70,486	-	198,785	254,852	14,419	-	14,419
Perpetual Care	24,243	-	519	-	24,762	-	24,762
Water Reserve	86,896	-	35,280	72,675	49,501	-	49,501
Sewer Reserve	269,125	-	14,400	172,565	110,960	-	110,960
Gas Reserve	88,461	-	36,000	6,500	117,961	-	117,961
Electric Reserve	157,489	-	36,000	33,620	159,869	-	159,869
CDBG Park	-	-	45,927	45,927	-	-	-
Bond and Interest Funds:							
2012 Water Bond	86,140	-	108,648	109,328	85,460	-	85,460
Bond Fund	20,548	-	212,123	208,493	24,178	-	24,178
Kansas Partnership Fund	-	-	-	-	-	-	-
Sewer Renovation Loan	313,285	-	163,951	163,951	313,285	-	313,285
2013 Collection System Bond	19,991	-	64,935	59,930	24,996	-	24,996
Capital Projects Funds:							
Collection System Project	2,206	-	289,475	291,681	-	-	-

The notes to the financial statement are an integral part of this statement.

CITY OF ALMA, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Canceled Encumbrances</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add: Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
Business Funds:							
Electric Utility	42,227	-	1,469,548	1,466,979	44,796	-	44,796
Gas Utility	2,532	-	549,767	551,120	1,179	-	1,179
Water Utility	1,791	-	382,787	375,682	8,896	-	8,896
Sewer Utility	87,956	-	305,346	343,741	49,561	-	49,561
Total Reporting Entity (excluding agency funds)	<u>\$ 1,601,450</u>	<u>-</u>	<u>4,731,274</u>	<u>4,899,058</u>	<u>1,433,666</u>	<u>121</u>	<u>\$ 1,433,787</u>
Composition of Cash:							
				Checking / Savings Accounts			\$ 1,423,137
				Certificates of Deposit			11,000
				Total Cash			<u>1,434,137</u>
				Agency Funds per Schedule 3			(350)
				Total Reporting Entity (Excluding Agency Funds)			<u>\$ 1,433,787</u>

The notes to the financial statement are an integral part of this statement.

CITY OF ALMA, KANSAS
Notes to Financial Statement
For the Year Ended December 31, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **Municipal Financial Reporting Entity**

The City of Alma, Kansas is a municipal corporation governed by an elected five member council and mayor. The City provides the following services as authorized by its charter: public works, public safety, recreation and waterworks. The regulatory financial statement presents the City of Alma, Kansas (the Municipality) and does not include any Related Municipal Entities.

The accounting and reporting policies of the City relating to the financial statement and the funds included in the accompanying supplemental information conform to the cash basis and budget laws of the State of Kansas. The more significant accounting policies of the City are described below.

B. **Regulatory Basis Fund Types**

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific regulations, restrictions, or limitations. Certain funds contain restricted cash because their use is limited by debt covenants, regulatory requirements, grant requirements or are held in a fiduciary or agency capacity.

The following types of funds comprise the financial activities of the City for the year 2015.

General Fund – The General Fund is the main operating fund of the City. This Fund is used to account for all financial resources not accounted for in other funds, and is therefore unrestricted.

Special Purpose Funds – The Special Purpose Funds are used to account for the proceeds of specific tax levies and other specific regulatory receipt resources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Funds – Bond and Interest Funds are used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project Funds – Capital Project Funds are used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Funds – The Business Funds are financed in whole or in part by fees charged to users for goods or services (i.e., enterprise and internal service fund, etc.).

Agency Funds – Agency Funds are used to report assets held by the City in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

C. **Regulatory Basis of Accounting**

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The KMAAG (Kansas Municipal Audit and Accounting Guide) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the

CITY OF ALMA, KANSAS
Notes to Financial Statement
For the Year Ended December 31, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Regulatory Basis of Accounting (continued)

difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

D. Budgetary Information

The City Charter establishes the fiscal year as the twelve-month period beginning January 1. The Mayor and City Council prepare a budget of estimated expenditures and receipts for the ensuing fiscal year in accordance with State of Kansas Statutes. These statutes require that an annual operating budget be adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget.

- Preparation of the budget for the ensuing calendar year on or before August 1st.
- Publication in the local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- Public hearing on or before August 15th, but at least ten days after publication of the notice of hearing.
- Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were budget amendments adopted in December 2015 to the Special Parks and Recreation and Special Highway Funds.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for agency funds, capital projects funds, and the following special purpose funds: Capital Improvements, Equipment Reserve, KLINK, Perpetual

CITY OF ALMA, KANSAS
Notes to Financial Statement
For the Year Ended December 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information (continued)

Care, Water Reserve, Sewer Reserve, Gas Reserve, and Electric Reserve. Budgetary information is presented in the supplemental schedules. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by use of internal spending limits established by the governing body.

2. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices. The City had \$11,000 in a certificate of deposit in 2015.

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by an independent bank, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City has no designated "peak periods". The types of securities pledged complied with legal requirements at December 31, 2015.

At December 31, 2015, the City's carrying amount of deposits was \$1,606,702 and the bank balance was \$1,715,461. Of the bank balance, \$254,347 was covered by federal depository insurance and \$1,461,114 was collateralized with securities held by the pledging financial institutions' agents in the City's name. The balances at one of the two banks were in excess of Federal Depository Insurance Corporation (FDIC) limits. The balance in excess of FDIC limits was more than 5% of total bank balances which resulted in a concentration of credit risk per GASBS 40, paragraph 5.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

K.S.A. 79-2935 states expenditures are to be controlled so that no indebtedness is created in excess of budgeted limits. During the current year, the Sewer Renovation Loan fund was in violation of this statute. The violation was due to the City making an additional principal payment of \$3,759 which was the amount of interest they saved.

CITY OF ALMA, KANSAS
Notes to Financial Statement
For the Year Ended December 31, 2015

4. DEFINED BENEFIT PENSION PLAN

Plan description. The City participates in the Kansas Public Employees Retirement System (KPERS) a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-419 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 0.85% contribution rate for Death and Disability Program) and the statutory contribution rate was 9.48% for the fiscal year ended December 31, 2015. Contributions to the pension plan from the City were \$34,457 for the year ended December 31, 2015.

Net Pension Liability. At December 31, 2015, the City's proportionate share of the collective net pension liability reported by KPERS was \$245,369. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions to the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported on the financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

5. CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	Project Authorization	Expenditures to Date
Collection System Project	\$ 1,798,000	\$ 1,732,445*
CDBG Park	388,000	37,077
KLINK Project	289,366	254,852

*The Collection System Project was completed in May 2015 and the unused funds of \$65,555 were returned to USDA Rural Development.

CITY OF ALMA, KANSAS
Notes to Financial Statement
For the Year Ended December 31, 2015

6. DEFERRED COMPENSATION PLAN

The City of Alma, Kansas offers its employees a deferred compensation plan created in accordance with Internal Revenue Code section 457(b). The plan is administered by VOYA Financial. The plan is available to all employees and permits them to defer a portion of their salary until future years. The City of Alma does not contribute to the plan.

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Compensated Absences

The City's policy allows employees to accumulate vacation and sick leave as follows:

Vacation Time

One week of vacation is earned after one year of employment, two weeks of vacation are earned after two years of employment, three weeks of vacation are earned after ten years of employment, four weeks of vacation are earned after twenty years of employment, five weeks of vacation are earned after thirty years of employment and six weeks of vacation are earned after forty years of employment. Two weeks of vacation may be carried over into the next year.

Sick Leave

Sick leave is accrued at a rate of one day per month for all employees, up to a maximum of 1,040 hours. Sick leave accumulated is not paid to employees upon termination of employment.

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes healthcare benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

8. RISK MANAGEMENT

The City of Alma, Kansas is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To insure against risk of these types of losses, the City has purchased commercial insurance coverage. Settled claims resulting from these risks have not exceeded commercial coverage in the past three years.

9. LITIGATION

There were no legal actions involving the City of Alma, as of December 31, 2015 that required disclosure.

CITY OF ALMA, KANSAS
Notes to Financial Statement
For the Year Ended December 31, 2015

10. LONG TERM DEBT

Changes in long-term liabilities for the City of Alma, Kansas, for the year ended December 31, 2015, were as follows:

	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance End of Year</u>	<u>2015 Interest Paid</u>
General Obligation Bonds:										
USDA Rural Development Loan (2011 General Obligation Bonds)	3.375%	04/15/11	2,869,000	04/26/51	2,649,500	-	74,758	(74,758)	2,574,742	89,423
2011 GO Bonds - Series 2011B	.6 - 3.00%	12/20/11	1,020,000	08/01/17	520,000	-	170,000	(170,000)	350,000	13,025
2012 General Obligation Bonds	.6 - 4.25%	10/12/12	1,575,000	08/01/41	1,440,000	-	65,000	(65,000)	1,375,000	44,328
USDA Rural Development Loan (2013 General Obligation Bonds)	2.750%	09/27/13	1,443,000	09/27/53	1,422,753	-	20,804	(20,804)	1,401,949	39,126
Total Contractual Indebtedness					6,032,253	-	330,562	(330,562)	5,701,691	185,902
Total Long Term Debt					<u>\$ 6,032,253</u>	<u>\$ -</u>	<u>\$ 330,562</u>	<u>\$ (330,562)</u>	<u>\$ 5,701,691</u>	<u>\$ 185,902</u>

CITY OF ALMA KANSAS
Notes to Financial Statement
For the Year Ended December 31, 2015

10. LONG TERM DEBT (CONTINUED)

Current maturities of long-term debt and interest through maturity are as follows:

	Year												
	2016	2017	2018	2019	2020	2021-2025	2026-2030	2031-2035	2036-2040	2041-2045	2046-2050	2051-2053	Total
Principal													
General Obligation Bonds													
USDA Rural Development Loan													
(2011 General Obligations Bonds)	39,623	41,212	42,603	44,041	45,291	251,480	296,893	350,510	413,693	488,579	560,817	-	2,574,742
2011 GO Bonds - Series 2011B	175,000	175,000	-	-	-	-	-	-	-	-	-	-	350,000
2012 General Obligation Bonds	65,000	65,000	65,000	65,000	55,000	195,000	225,000	265,000	320,000	55,000	-	-	1,375,000
USDA Rural Development Loan													
(2013 General Obligation Bonds)	21,271	21,961	22,565	23,186	23,724	129,205	147,980	169,484	194,064	222,339	254,653	171,517	1,401,949
Total Principal	300,894	303,173	130,168	132,227	124,015	575,685	669,873	784,994	927,757	765,918	815,470	171,517	5,701,691
Interest													
General Obligation Bonds													
USDA Rural Development Loan													
(2011 General Obligations Bonds)	86,908	85,570	84,180	82,742	81,255	382,214	336,821	283,227	219,951	145,249	56,515	-	1,844,632
2011 GO Bonds - Series 2011B	9,625	5,250	-	-	-	-	-	-	-	-	-	-	14,875
2012 General Obligation Bonds	43,647	42,838	41,897	40,828	39,678	184,437	156,076	110,785	53,177	2,336	-	-	715,699
USDA Rural Development Loan													
(2013 General Obligation Bonds)	38,659	37,969	37,365	36,744	36,205	170,446	151,671	130,165	105,586	77,311	44,997	9,562	876,680
Total Interest	178,839	171,627	163,442	160,314	157,138	737,097	644,568	524,177	378,714	224,896	101,512	9,562	3,451,886
Total Principal and Interest Payments	\$ 479,733	474,800	293,610	292,541	281,153	1,312,782	1,314,441	1,309,171	1,306,471	990,814	916,982	181,079	9,153,577

CITY OF ALMA, KANSAS
Notes to Financial Statement
For the Year Ended December 31, 2015

11. INTERFUND TRANSACTIONS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Equipment Reserve	12-1,117	\$ 55,760
General	Capital Outlay	12-1,118	6,250
General	Special Parks and Rec	Ord. 487	4,500
Water Utility	Water Reserve	12-825d	35,280
Water Utility	2012 Water Bond	12,825d	108,648
Electric Utility	General	12-825d	80,000
Electric Utility	Electric Reserve	12-825d	36,000
Electric Utility	Bond Fund	12-825d	100,628
Gas Utility	Gas Reserve	12-825d	36,000
Sewer Utility	Sewer Reserve	12-825d	14,400
Sewer Utility	Sewer Renovation Loan	12-825d	163,951
Sewer Utility	2013 Collection System Bond	12-825d	64,935
Special Highway	KLINK	Ord. 487	26,220
Gas Reserve	Gas Utility	12-825d	6,500
Water Reserve	Water Utility	12-825d	72,675
Electric Reserve	Electric Utility	12-825d	33,620
Sewer Reserve	KLINK	12-825d	176,565

12. RELATED PARTIES

In the ordinary course of business, the city has and expects to continue to have transactions with its employees and elected officials. In the opinion of management, such transactions were on substantially the same terms as those prevailing at the time of comparable transactions with other persons and did not involve more than a normal risk of collectability or present any other unfavorable features to the City.

13. SUBSEQUENT EVENTS

In March 2016 the City entered into an agreement with the Kansas Water Office (KWO) to purchase KWO's 50% interest in the Water Right to the City and their 50% interest in the Storage Space to the City which was part of water rights that were divided in 1996. As part of this agreement, the City agrees to pay to KWO a purchase price of \$411,763.37 which includes the costs incurred by and applicable interest charged to the KWO for the construction of the Storage Space. The cost is to be paid in no more than 15 consecutive annual installments with the first installment of \$27,892.46 being paid in April 2016.

Subsequent events have been evaluated by management through June 20, 2016, the date which the financial statement was available to be issued.

**REGULATORY REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF ALMA, KANSAS
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance- Over (Under)</u>
Governmental Type Fund:					
General Fund	\$ 456,185	-	456,185	454,608	(1,577)
Special Purpose Funds:					
Special Highway	26,660	-	26,660	26,220	(440)
Recreation	11,764	-	11,764	11,751	(13)
Special Parks and Recreation	10,000	-	10,000	9,912	(88)
Employee Benefits	192,700	-	192,700	169,752	(22,948)
Sales Tax Project	92,000	-	92,000	23,095	(68,905)
Bond and Interest Funds:					
2012 Water Bond	109,328	-	109,328	109,328	-
Bond Fund	210,086	-	210,086	208,493	(1,593)
Kansas Partnership Fund	-	-	-	-	-
Sewer Renovation Loan	163,170	-	163,170	163,951	781
2013 Collection System Bond	59,930	-	59,930	59,930	-
Business Funds:					
Electric Utility	1,629,000	-	1,629,000	1,466,979	(162,021)
Gas Utility	879,500	-	879,500	551,120	(328,380)
Water Utility	423,240	-	423,240	375,682	(47,558)
Sewer Utility	552,000	-	552,000	343,741	(208,259)

CITY OF ALMA, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2014)

	2014		2015	Variance -
	Actual	Actual	Budget	Over (Under)
GENERAL FUND				
Receipts:				
Taxes				
Ad Valorem Property Tax	\$ 175,477	184,908	189,277	(4,369)
Delinquent Tax	1,608	3,230	1,500	1,730
Motor Vehicle Tax	25,153	23,028	20,406	2,622
Recreational Vehicle Tax	388	367	259	108
16/20M Vehicle Tax	313	430	577	(147)
Delinquent RE Tax	1,134	373	-	373
CV Fees	686	1,364	-	1,364
Countywide Sales Tax	40,393	41,240	40,000	1,240
Intergovernmental Revenue				
Local Alcohol and Liquor Tax	1,494	2,020	1,746	274
Highway Connecting Links	5,094	5,094	5,100	(6)
Licenses and Fees				
Licenses and Permits	2,259	2,002	4,000	(1,998)
Utility Franchise Fees	38	-	850	(850)
Swimming Pool Receipts	14,210	13,236	14,000	(764)
Sales Tax Collected	-	-	-	-
Refuse Collection	67,601	67,509	64,730	2,779
Fines and Fees	362	566	2,000	(1,434)
Park Valley Lot Receipts	27	-	100	(100)
Use of Money and Property				
Interest	2,421	2,464	5,000	(2,536)
Miscellaneous				
Reimbursed Expenses	16,494	21,979	13,500	8,479
General Fish and Game Reimbursement	2,060	2,060	2,100	(40)
General Recreation Reimbursement	50	-	3,000	(3,000)
Other-Miscellaneous	389	719	200	519
Community Center	1,843	1,015	2,000	(985)
Neighborhood Revitalization	-	341	1,870	(1,529)
Transfer from Electric Utility Fund	80,000	80,000	80,000	-
Total Receipts	439,494	453,945	452,215	1,730
Expenditures:				
General and Administrative				
Personal Services	44,129	46,536	45,000	1,536
Commodities	12,422	12,391	8,000	4,391
Contractual	16,454	22,512	18,000	4,512
Capital Outlay	3,500	-	4,130	(4,130)
Refuse Collection	67,319	66,199	64,730	1,469
Highway Department				
Personal Services	11,288	12,459	18,000	(5,541)
Commodities	84,055	39,698	85,000	(45,302)
Contractual	2,650	8,235	1,000	7,235
Employee Benefits	8,027	12,639	11,000	1,639
Transfer to Equipment Reserve	10,000	35,510	10,000	25,510
Total	\$ 259,844	256,179	264,860	(8,681)

CITY OF ALMA, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2015

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2014)

	2014	2015		Variance -
				Over
<u>GENERAL FUND</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
Expenditures - (from page 15)	\$ 259,844	256,179	264,860	(8,681)
Street Lighting				
Contractual	17,450	13,967	13,500	467
Swimming Pool				
Personal Services	28,438	31,258	25,000	6,258
Commodities	12,341	13,412	10,700	2,712
Contractual	3,019	3,493	2,000	1,493
Sales Tax Paid	896	-	-	-
Parks and Cemetery				
Personal Services	1,800	1,800	1,800	-
Marshall				
Personal Services	54,674	56,768	55,000	1,768
Commodities	8,119	8,057	8,500	(443)
Contractual	3,626	5,910	4,000	1,910
Employee Benefits Reimbursement	11,479	18,501	22,000	(3,499)
Transfer to Equipment Reserve	7,000	7,000	7,000	-
July 4th Celebration Fund	1,000	1,500	1,500	-
Neighborhood Revitalization	447	341	1,870	(1,529)
Park Valley Lots Expense	40	-	100	(100)
Community Building	9,147	8,827	12,000	(3,173)
Transfer to Capital Improvements Fund	3,000	6,250	3,000	3,250
Transfer to Equipment Reserve	10,025	13,250	12,000	1,250
Transfer to Special Highway	4,500	-	-	-
Transfer to Special Parks and Recreation	-	4,500	4,500	-
Economic Development	1,000	1,000	1,000	-
Fish and Game	2,100	2,100	2,100	-
Miscellaneous	27	495	3,755	(3,260)
Total Expenditures	<u>439,972</u>	<u>454,608</u>	<u>456,185</u>	<u>(1,577)</u>
Receipts Over (Under) Expenditures	(478)	(663)		
Unencumbered Cash, January 1	<u>3,950</u>	<u>3,472</u>		
Unencumbered Cash, December 31	<u>\$ 3,472</u>	<u>2,809</u>		

CITY OF ALMA, KANSAS
SPECIAL PURPOSE FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2014)

	<u>2014</u>	<u>2015</u>		<u>Variance -</u>
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Over</u>
<u>SPECIAL HIGHWAY</u>				<u>(Under)</u>
Receipts:				
State Gasoline Tax	\$ 21,316	21,720	21,160	560
Transfer from General	4,500	-	-	-
Total Receipts	<u>25,816</u>	<u>21,720</u>	<u>21,160</u>	<u>560</u>
Expenditures:				
Transfer to KLINK	<u>21,316</u>	<u>26,220</u>	<u>26,660</u>	<u>(440)</u>
Receipts Over (Under) Expenditures	4,500	(4,500)		
Unencumbered Cash, January 1	<u>-</u>	<u>4,500</u>		
Unencumbered Cash, December 31	<u>\$ 4,500</u>	<u>-</u>		

CITY OF ALMA, KANSAS
SPECIAL PURPOSE FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2014)

	2014	2015		Variance -
	Actual	Actual	Budget	Over (Under)
<u>RECREATION</u>				
Receipts:				
Ad Valorem Tax	\$ 10,086	10,016	10,253	(237)
Delinquent Taxes	102	203	170	33
Motor Vehicle Taxes	1,608	1,332	1,173	159
Recreational Vehicle Tax	25	21	15	6
16/20 M Vehicle Tax	21	27	33	(6)
Delinquent RE Taxes	73	23	-	23
CV Fees	43	78	-	78
Total Receipts	<u>11,958</u>	<u>11,718</u>	<u>11,644</u>	<u>74</u>
Expenditures:				
Neighborhood Revitalization	26	18	18	-
Appropriation to Rec Commission	11,636	11,733	11,600	133
Miscellaneous Expense	-	-	146	(146)
Total Expenditures	<u>11,662</u>	<u>11,751</u>	<u>11,764</u>	<u>(13)</u>
Receipts Over (Under) Expenditures	296	(33)		
Unencumbered Cash, January 1	-	296		
Unencumbered Cash, December 31	<u>\$ 296</u>	<u>263</u>		
<u>SPECIAL PARKS AND RECREATION</u>				
Receipts:				
Liquor Tax	\$ 1,494	2,020	1,745	275
Transfer from General	-	4,500	4,500	-
Donations	-	700	-	700
Total Receipts	<u>1,494</u>	<u>7,220</u>	<u>6,245</u>	<u>975</u>
Expenditures:				
Contractual	-	4,500	-	4,500
Capital Outlay	669	5,412	10,000	(4,588)
Total Expenditures	<u>669</u>	<u>9,912</u>	<u>10,000</u>	<u>(88)</u>
Receipts Over (Under) Expenditures	825	(2,692)		
Unencumbered Cash, January 1	3,041	3,866		
Unencumbered Cash, December 31	<u>\$ 3,866</u>	<u>1,174</u>		

CITY OF ALMA, KANSAS
SPECIAL PURPOSE FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2014)

	<u>2014</u>	<u>2015</u>		Variance -
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Over</u> <u>(Under)</u>
<u>EMPLOYEE BENEFITS</u>				
Receipts:				
Reimbursements	\$ 168,744	169,885	192,700	(22,815)
Expenditures:				
Social Security Remittances	27,939	29,469	31,100	(1,631)
KPERS Remittances	30,509	34,457	33,000	1,457
Unemployment Remittances	359	377	600	(223)
Insurance and Deferred Compensation	110,602	105,449	128,000	(22,551)
Total Expenditures	169,409	169,752	192,700	(22,948)
Receipts Over (Under) Expenditures	(665)	133		
Unencumbered Cash, January 1	671	6		
Unencumbered Cash, December 31	\$ 6	139		
<u>SALES TAX PROJECT</u>				
Receipts:				
Sales Tax Collections	\$ 90,943	86,862	92,000	(5,138)
Expenditures:				
Commodities	46,795	23,095	92,000	(68,905)
Receipts Over (Under) Expenditures	44,148	63,767		
Unencumbered Cash, January 1	48,607	92,755		
Unencumbered Cash, December 31	\$ 92,755	156,522		

CITY OF ALMA, KANSAS
SPECIAL PURPOSE FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2014)

	2014 <u>Actual</u>	2015 <u>Actual</u>
<u>CAPITAL IMPROVEMENTS*</u>		
Receipts:		
Transfer from General	\$ 3,000	6,250
Reimbursements	2,100	2,100
Miscellaneous Revenue	315	23
Total Receipts	<u>5,415</u>	<u>8,373</u>
Expenditures:		
Repairs and Other	<u>2,610</u>	<u>12,806</u>
Receipts Over (Under) Expenditures	2,805	(4,433)
Unencumbered Cash, January 1	<u>35,444</u>	<u>38,249</u>
Unencumbered Cash, December 31	<u><u>\$ 38,249</u></u>	<u><u>33,816</u></u>
<u>EQUIPMENT RESERVE*</u>		
Receipts:		
Transfer from General		
General - Street	\$ 10,000	35,510
General - Marshall	7,000	7,000
General - General	10,025	13,250
Sale of Equipment	2,100	2,300
Total Receipts	<u>29,125</u>	<u>58,060</u>
Expenditures:		
Equipment Purchases	<u>60,988</u>	<u>33,870</u>
Receipts Over (Under) Expenditures	(31,863)	24,190
Unencumbered Cash, January 1	<u>216,793</u>	<u>184,930</u>
Unencumbered Cash, December 31	<u><u>\$ 184,930</u></u>	<u><u>209,120</u></u>

*Not Budgeted

CITY OF ALMA, KANSAS
SPECIAL PURPOSE FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2014)

	2014	2015
<u>KLINK*</u>		
Receipts:		
Transfer from Special Highway	\$ 21,316	26,220
Transfer from Sewer Reserve	-	172,565
KDOT Reimbursement	120,284	-
Total Receipts	<u>141,600</u>	<u>198,785</u>
Expenditures:		
Project Expenditures	890	254,852
Transfer to Electric Reserve	92,044	-
Total Expenditures	<u>92,934</u>	<u>254,852</u>
Receipts Over (Under) Expenditures	48,666	(56,067)
Unencumbered Cash, January 1	<u>21,820</u>	<u>70,486</u>
Unencumbered Cash, December 31	<u>\$ 70,486</u>	<u>14,419</u>
<u>PERPETUAL CARE*</u>		
Receipts:		
Sale of Lots and Interest	\$ 376	519
Expenditures:	-	-
Receipts Over (Under) Expenditures	376	519
Unencumbered Cash, January 1	<u>23,867</u>	<u>24,243</u>
Unencumbered Cash, December 31	<u>\$ 24,243</u>	<u>24,762</u>

*Not Budgeted

CITY OF ALMA, KANSAS
SPECIAL PURPOSE FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2014)

	2014 <u>Actual</u>	2015 <u>Actual</u>
<u>WATER RESERVE*</u>		
Receipts:		
Transfer from Water Utility	\$ 35,280	35,280
Expenditures:		
Transfer to Water Utility	50,015	72,675
Receipts Over (Under) Expenditures	(14,735)	(37,395)
Unencumbered Cash, January 1	101,631	86,896
Unencumbered Cash, December 31	<u>\$ 86,896</u>	<u>49,501</u>
<u>SEWER RESERVE*</u>		
Receipts:		
Transfer from Sewer Utility	\$ 14,400	14,400
Expenditures:		
Transfer to KLINK	-	172,565
Receipts Over (Under) Expenditures	14,400	(158,165)
Unencumbered Cash, January 1	254,725	269,125
Unencumbered Cash, December 31	<u>\$ 269,125</u>	<u>110,960</u>

* Not Budgeted

CITY OF ALMA, KANSAS
SPECIAL PURPOSE FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2014)

	2014 <u>Actual</u>	2015 <u>Actual</u>
<u>GAS RESERVE*</u>		
Receipts:		
Transfer from Gas Utility	\$ 36,000	36,000
Expenditures:		
Transfer to Gas Utility	<u>10,000</u>	<u>6,500</u>
Receipts Over (Under) Expenditures	26,000	29,500
Unencumbered Cash, January 1	<u>62,461</u>	<u>88,461</u>
Unencumbered Cash, December 31	<u><u>\$ 88,461</u></u>	<u><u>117,961</u></u>
<u>ELECTRIC RESERVE*</u>		
Receipts:		
Transfer from Electric Utility	\$ 36,000	36,000
Transfer from KLINK	<u>92,044</u>	-
Total Receipts	<u>128,044</u>	<u>36,000</u>
Expenditures:		
Transfer to Electric Utility	<u>46,700</u>	<u>33,620</u>
Receipts Over (Under) Expenditures	81,344	2,380
Unencumbered Cash, January 1	<u>76,145</u>	<u>157,489</u>
Unencumbered Cash, December 31	<u><u>\$ 157,489</u></u>	<u><u>159,869</u></u>

* Not Budgeted

CITY OF ALMA, KANSAS
BOND AND INTEREST FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2014)

	<u>2014</u>	<u>2015</u>	<u>Variance -</u>
	<u>Actual</u>	<u>Actual</u>	<u>Over</u>
<u>2012 WATER BOND</u>		<u>Budget</u>	<u>(Under)</u>
Receipts:			
Transfer from Water Utility	\$ 109,332	108,648	109,000 (352)
Expenditures:			
Principal Payments	65,000	65,000	65,000 -
Interest Payments	44,852	44,328	44,328 -
Total Expenditures	109,852	109,328	109,328 -
Receipts Over (Under) Expenditures	(520)	(680)	
Unencumbered Cash, January 1	86,660	86,140	
Unencumbered Cash, December 31	\$ 86,140	85,460	

CITY OF ALMA, KANSAS
BOND AND INTEREST FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2014)

	<u>2014</u>	<u>2015</u>	<u>Variance -</u> <u>Over</u> <u>(Under)</u>
<u>BOND FUND</u>	<u>Actual</u>	<u>Actual</u> <u>Budget</u>	
Receipts:			
Ad Valorem Tax	\$ 17,549	7,145 7,295	(150)
Delinquent Tax	340	622 600	22
Motor Vehicle Tax	5,349	2,467 2,040	427
Recreational Vehicle Tax	83	38 26	12
16/20 M Vehicle Tax	72	89 58	31
Delinquent RE Tax	242	64 -	64
CV Fees	142	136 -	136
Paid Assessments	93,584	100,921 90,000	10,921
Transfer from Electric Utility	99,008	100,628 100,000	628
Total Receipts	<u>216,369</u>	<u>212,123</u> <u>200,019</u>	<u>12,104</u>
Expenditures:			
Neighborhood Revitalization	45	13 61	(48)
Tax Assessment Paid	20,268	20,108 27,000	(6,892)
Reserve Fund	-	5,347 -	5,347
Principal Payments	170,000	170,000 170,000	-
Interest Payments	15,575	13,025 13,025	-
Total Expenditures	<u>205,888</u>	<u>208,493</u> <u>210,086</u>	<u>(1,593)</u>
Receipts Over (Under) Expenditures	10,481	3,630	
Unencumbered Cash, January 1	<u>10,067</u>	<u>20,548</u>	
Unencumbered Cash, December 31	<u>\$ 20,548</u>	<u>24,178</u>	
<u>KANSAS PARTNERSHIP FUND</u>			
Receipts:			
Transfer from Electric Utility	\$ 2,345	- -	-
Expenditures:			
Principal Payments	8,888	- -	-
Interest Payments	157	- -	-
Total Expenditures	<u>9,045</u>	<u>-</u> <u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	(6,700)	-	
Unencumbered Cash, January 1	<u>6,700</u>	<u>-</u>	
Unencumbered Cash, December 31	<u>\$ -</u>	<u>-</u>	

CITY OF ALMA, KANSAS
BOND AND INTEREST FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2014)

	2014	2015		Variance -
				Over
	Actual	Actual	Budget	(Under)
SEWER RENOVATION LOAN (2011 BOND)				
Receipts:				
Transfer from Sewer Utility	\$ 163,951	163,951	165,000	(1,049)
Expenditures:				
Principal Payments	91,856	38,573	38,573	-
Interest Payments	37,314	89,423	90,597	(1,174)
20 Year Debt Payment	32,196	32,196	34,000	(1,804)
Additional Principal Paid	2,585	3,759	-	3,759
Total Expenditures	163,951	163,951	163,170	781
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, January 1	313,285	313,285		
Unencumbered Cash, December 31	\$ 313,285	313,285		
2013 COLLECTION SYSTEM BOND				
Receipts:				
Transfer from Sewer Utility	\$ 59,940	64,935	60,000	4,935
Expenditures				
Principal Payments	20,247	20,804	20,804	-
Interest Payments	39,682	39,126	39,126	-
Total Expenditures:	59,929	59,930	59,930	-
Receipts Over (Under) Expenditures	11	5,005		
Unencumbered Cash, January 1	19,980	19,991		
Unencumbered Cash, December 31	\$ 19,991	24,996		

CITY OF ALMA, KANSAS
CAPITAL PROJECT FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2014)

	2014 <u>Actual</u>	2015 <u>Actual</u>
<u>COLLECTION SYSTEM PROJECT*</u>		
Receipts:		
Rural Development Loan	\$ -	289,445
Interest	100	30
Total Receipts	<u>100</u>	<u>289,475</u>
Expenditures:		
Phase II Expenditures	<u>103,365</u>	<u>291,681</u>
Receipts Over (Under) Expenditures	(103,265)	(2,206)
Unencumbered Cash, January 1	<u>105,471</u>	<u>2,206</u>
Unencumbered Cash, December 31	<u>\$ 2,206</u>	<u>-</u>
 <u>CDBG PARK*</u>		
Receipts:		
CDBG Reimbursement	\$ -	8,850
Reimbursed Expenses	-	16,897
Donations	-	2,000
Transfer from Electric	-	18,180
Total Receipts:	<u>-</u>	<u>45,927</u>
Expenditures:		
City Expenditures Before Grant	-	32,197
Grant Expenditures	-	2,751
City Expenditures After Grant	-	10,979
Total Expenditures	<u>-</u>	<u>45,927</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, January 1	<u>-</u>	<u>-</u>
Unencumbered Cash, December 31	<u>\$ -</u>	<u>-</u>

*Not Budgeted

CITY OF ALMA, KANSAS
BUSINESS FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2014)

	2014	2015		Variance -
				Over
	Actual	Actual	Budget	(Under)
<u>ELECTRIC UTILITY</u>				
Receipts:				
Sales and Charges	\$ 1,455,447	1,394,795	1,492,000	(97,205)
Sales Tax	27,836	27,550	40,000	(12,450)
Penalties and Other	4,706	4,733	20,000	(15,267)
Reimbursements	-	8,850	-	8,850
Transfer from Electric Reserve	46,700	33,620	180,000	(146,380)
Total Receipts	<u>1,534,689</u>	<u>1,469,548</u>	<u>1,732,000</u>	<u>(262,452)</u>
Expenditures:				
Personal Services	95,190	88,940	150,000	(61,060)
Commodities	34,000	33,963	50,000	(16,037)
Contractual Services	29,574	36,468	30,000	6,468
Energy Purchased	1,036,725	978,804	1,015,000	(36,196)
Sales Tax	29,519	27,365	40,000	(12,635)
Transfer to General	80,000	80,000	80,000	-
Transfer to Electric Reserve	36,000	36,000	36,000	-
Employee Benefits Reimbursement	76,527	66,631	110,000	(43,369)
Capital Outlay	-	-	18,000	(18,000)
Refunds to Customers	31	-	-	-
Transfer to Bond Fund	99,008	100,628	100,000	628
Transfer to CDBG Park	-	18,180	-	18,180
Transfer to Kansas Partnership Loan	2,345	-	-	-
Total Expenditures	<u>1,518,919</u>	<u>1,466,979</u>	<u>1,629,000</u>	<u>(162,021)</u>
Receipts Over (Under) Expenditures	15,770	2,569		
Unencumbered Cash, January 1	26,457	42,227		
Unencumbered Cash, December 31	<u>\$ 42,227</u>	<u>44,796</u>		
<u>GAS UTILITY</u>				
Receipts:				
Sales and Charges	\$ 657,548	516,005	750,000	(233,995)
Sales Tax	17,335	14,046	17,500	(3,454)
Penalties and Other	3,393	8,366	9,000	(634)
Wash bay Reimbursement	4,350	4,850	4,800	50
Transfer from Gas Reserve	10,000	6,500	96,000	(89,500)
Total Receipts	<u>692,626</u>	<u>549,767</u>	<u>877,300</u>	<u>(327,533)</u>
Expenditures:				
Personal Services	54,346	62,299	51,000	11,299
Commodities	33,902	19,457	44,000	(24,543)
Contractual Services	27,387	34,675	50,000	(15,325)
Energy Purchases	491,416	357,081	500,000	(142,919)
Sales Tax	18,362	14,362	17,500	(3,138)
Capital Outlay	-	-	154,000	(154,000)
Transfer to Gas Reserve	36,000	36,000	36,000	-
Wash bay Expense	38	159	-	159
Employee Benefits Reimbursement	30,118	27,087	27,000	87
Total Expenditures	<u>691,569</u>	<u>551,120</u>	<u>879,500</u>	<u>(328,380)</u>
Receipts Over (Under) Expenditures	1,057	(1,353)		
Unencumbered Cash, January 1	1,475	2,532		
Unencumbered Cash, December 31	<u>\$ 2,532</u>	<u>1,179</u>		

CITY OF ALMA, KANSAS
BUSINESS FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2014)

	2014	2015		Variance -
	Actual	Actual	Budget	Over (Under)
<u>WATER UTILITY</u>				
Receipts:				
Sales and Charges	\$ 295,727	299,581	310,000	(10,419)
Sales Tax and Water Protection Fee	6,512	6,756	8,800	(2,044)
Transfer from Water Reserve	50,015	72,675	95,000	(22,325)
Miscellaneous and Reimbursements	4,419	3,775	5,000	(1,225)
Total Receipts	<u>356,673</u>	<u>382,787</u>	<u>418,800</u>	<u>(36,013)</u>
Expenditures:				
Personal Services	59,494	62,299	51,000	11,299
Commodities	66,326	78,171	60,000	18,171
Contractual Services	36,338	36,569	29,000	7,569
Water Plan Fee	2,718	2,383	3,000	(617)
Water Sampling	2,823	1,862	2,000	(138)
Water Chemicals	14,155	17,812	20,000	(2,188)
Sales Tax	5,383	5,543	8,800	(3,257)
Refunds to Customers	-	28	-	28
Miscellaneous	-	-	1,440	(1,440)
Capital Outlay	-	-	76,000	(76,000)
Transfer to Water Reserve	35,280	35,280	109,000	(73,720)
Transfer to 2012 Water Bond	109,332	108,648	36,000	72,648
Employee Benefits Reimbursement	30,118	27,087	27,000	87
Total Expenditures	<u>361,967</u>	<u>375,682</u>	<u>423,240</u>	<u>(47,558)</u>
Receipts Over (Under) Expenditures	(5,294)	7,105		
Unencumbered Cash, January 1	<u>7,085</u>	<u>1,791</u>		
Unencumbered Cash, December 31	<u>\$ 1,791</u>	<u>8,896</u>		
<u>SEWER UTILITY</u>				
Receipts:				
User Fees	\$ 298,805	298,117	310,000	(11,883)
Transfer from Sewer Reserve	-	-	240,000	(240,000)
Miscellaneous Reimbursements	1,802	7,229	2,000	5,229
Total Receipts	<u>300,607</u>	<u>305,346</u>	<u>552,000</u>	<u>(246,654)</u>
Expenditures:				
Personal Services	17,657	24,920	20,000	4,920
Commodities	25,673	28,232	40,000	(11,768)
Contractual Services	12,005	17,639	15,000	2,639
Refunds to Customers	7,723	-	-	-
Capital Outlay	-	-	211,500	(211,500)
Transfer to Sewer Reserve	14,400	14,400	-	14,400
Employee Benefits Reimbursement	12,474	17,941	15,500	2,441
Sewer Operations and Maintenance Cost	8,156	11,723	10,000	1,723
Transfer to Sewer Renovation Loan	163,951	163,951	180,000	(16,049)
Transfer to 2013 Collection System Bond	59,940	64,935	60,000	4,935
Total Expenditures	<u>321,979</u>	<u>343,741</u>	<u>552,000</u>	<u>(208,259)</u>
Receipts Over (Under) Expenditures	(21,372)	(38,395)		
Unencumbered Cash, January 1	<u>109,328</u>	<u>87,956</u>		
Unencumbered Cash, December 31	<u>\$ 87,956</u>	<u>49,561</u>		

CITY OF ALMA, KANSAS
AGENCY FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2014)

	2014 <u>Actual</u>	2015 <u>Actual</u>
<u>RETURN CHECKS*</u>		
Receipts:	\$ 146	-
Expenditures:		
Miscellaneous Expenditures	146	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, January 1	-	-
Unencumbered Cash, December 31	<u>\$ -</u>	<u>-</u>
<u>CREDIT CARD DEPOSITS*</u>		
Receipts:	\$ 1,840	2,100
Expenditures:		
Transfer to Electric Utility	1,900	1,850
Receipts Over (Under) Expenditures	(60)	250
Unencumbered Cash, January 1	160	100
Unencumbered Cash, December 31	<u>\$ 100</u>	<u>350</u>

* Not Budgeted



816 N Washington
Junction City, KS 66441
(785) 238-5166
Fax (785) 238-6830

529 Humboldt, Suite 1
Manhattan, KS 66502
(785) 537-9700
Fax (785) 537-3734

505 NW 3rd, Suite 1
Abilene, KS 67410
(785) 263-2171
Fax (785) 263-3340

www.pgh-cpa.com

MEMBERS:
American Institute of
Certified Public Accountants

Kansas Society of Certified
Public Accountants



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF A FINANCIAL STATEMENT PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Mayor and City Council
City of Alma
Alma, Kansas 66401

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the summary statement of receipts, expenditures, and unencumbered cash of the City of Alma, Kansas (City) as of and for the year ended December 31, 2015, and the related notes to the financial statement, which collectively comprise the City's basic financial statement and have issued our report thereon dated June 20, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statement will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain

provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pottberg, Gassman & Hoffman, Char.

Pottberg, Gassman & Hoffman, Chartered
Manhattan, Kansas
June 20, 2016